

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

-----X

In re: THE FINANCIAL OVERSIGHT AND MANAGEMENT BOARD FOR PUERTO RICO, as representative of THE COMMONWEALTH OF PUERTO RICO, <i>et al.</i> , Debtors. ¹	PROMESA Title III No. 17 BK 3283-LTS (Jointly Administered)
---	--

-----X

**THE PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY
AUTHORITY’S OBJECTION AND RESERVATION OF RIGHTS WITH RESPECT TO
PAUL HASTINGS LLP’S MONTHLY FEE STATEMENT**

To the Honorable United States District Court Judge Laura Taylor Swain:

The Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”), as the entity authorized to act on behalf of the Debtor entities under the *Enabling Act of the Fiscal Agency and Financial Advisory Authority*, Act 2-2017, files this objection and reservation of rights in response to the statement of Paul Hastings LLP (“Paul Hastings”), as counsel to the Official Committee of Unsecured Creditors (the “Committee”), for services rendered and expenses incurred during the period ending July 31, 2017 (the “Fee Statement”). In support of this objection and reservation of rights, AAFAF respectfully represents as follows:

¹ The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); and (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686). (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

BACKGROUND

1. On June 15, 2017, the Office of the United States Trustee for the District of Puerto Rico (the “U.S. Trustee”) filed a *Notice Appointing Creditors Committee for Unsecured Creditors* [ECF No. 338]. On August 10, 2017, the Court entered an order authorizing the Committee to employ and retain Paul Hastings as counsel to the Committee [ECF No. 999].

2. On August 23, 2017, the Court entered the *Order Setting Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [ECF No. 1150] (the “Interim Compensation Order”). The Interim Compensation Order requires that professionals retained by the Committee, among other parties, may serve a statement of “compensation for services rendered and reimbursement of expenses incurred during preceding month or months” on certain Notice Parties.² Interim Compensation Order at ¶ 2.a. The Interim Compensation Order provides that if any Notice Party wishes to object to a Monthly Fee Statement, it must file a written objection with the Court.

3. At four-month intervals, each of the Professionals, including Paul Hastings, “may file with the Court and serve on the Notice Parties an application (an “Interim Fee Application”) for interim Court approval and allowance of the payment of compensation and reimbursement of expenses sought by such Professional in its Monthly Fee Statements” Interim Compensation Order at ¶ 2.f. Any objections to Interim Fee Applications must be filed on or before the 20th day following service of the applicable Interim Fee Application. Interim Order at ¶ 2.g.

² Capitalized terms used herein but not otherwise defined shall have the meaning ascribed to them in the Interim Compensation Order.

4. On August 26, 2017, counsel to AAFAF received a letter, dated August 25, 2017, and the attached Fee Statement from Paul Hastings. Paul Hastings has requested payment of fees in the amount of \$3,265,033.55³ and reimbursement of expenses in the amount of \$128,519.42.

RESERVATION OF RIGHTS

5. AAFAF finds that the amount of compensation requested in the Fee Statement is exceedingly high and objects to the Fee Statement on that basis. AAFAF intends to continue to review the Fee Statement and reasonableness of the accompanying time entries, as well as the related requests for reimbursement of expenses, to ensure compliance with the Interim Compensation Order, PROMESA Sections 316 and 317, and the U.S. Trustee's *Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 by Attorneys in Large Chapter 11 Cases Effective as of November 1, 2013*. Because of time constraints, it is not in a position to determine the exact amount of fees and expenses for the period covered by the Fee Statement that should be approved on an interim basis. Accordingly, while AAFAF does not oppose the payment of 80% of the fees requested in the Fee Statement and reimbursement of expenses at this time, AAFAF reserves all rights with respect to any Interim Fee Application filed by Paul Hastings pursuant to the Interim Compensation Order for the period covered by the Fee Statement.

Remainder of Page Intentionally Left Blank

³ At this time Paul Hastings is only requesting payment of 80% of this amount, which is \$2,612,026.20.

Dated: September 5, 2017
San Juan, Puerto Rico

Respectfully submitted,

s/ Andrés W. López

Andrés W. López
USDC No. 215311

**THE LAW OFFICES OF ANDRÉS W.
LÓPEZ, P.S.C.**

902 Fernández Juncos Ave.
San Juan, PR 00907
Tel: (787) 294-9508
Fax: (787) 294-9519

s/ John J. Rapisardi

John J. Rapisardi
Suzanne Uhland
(Admitted *Pro Hac Vice*)
O'MELVENY & MYERS LLP
7 Times Square
New York, NY 10036
Tel: (212) 326-2000
Fax: (212) 326-2061

-and-

Peter Friedman
(Admitted *Pro Hac Vice*)
1625 Eye Street, NW
Washington, DC 20006
Tel: (202) 383-5300
Fax: (202) 383-5414

*Attorneys for the Puerto Rico Fiscal Agency and
Financial Advisory Authority*

CERTIFICATE OF SERVICE

I hereby certify that, on this same date, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will send notifications of such filing to all CM/ECF participants in this case.

s/ Andrés W. López
Andrés W. López